

North Carolina

DEPARTMENT OF TRANSPORTATION

**North Carolina Turnpike Authority
Joint Appropriations Committee on Transportation**

Beau Memory & Rodger Rochelle

March 17, 2015

Agenda

- **Legislation Review / Turnpike Vision – Beau Memory**
- Turnpike Authority Projects Overview – Beau Memory
- I-77 Express Lanes – Rodger Rochelle

Benefits of Tolling:

- Funding source
 - Supplements traditional transportation funding
 - Can accelerate major transportation projects
- “Stable” revenue source allowing for:
 - Bond financing
 - Private-sector financing
- Voluntary user fee
- Dedicated project maintenance funds
- Potential congestion management tool

For a Toll Project to Work:

- Supplemental funding source
 - Difference between project cost and toll revenue
 - Supplemental funding, public or private equity, etc.
- Demonstrated benefit to public
 - Increased regional mobility
 - Reduced travel times
 - Efficient leveraging of transportation funding
 - Boosted economic development
- Non-tolled alternative

Legislation Review

Prior to HB 817 - Strategic Transportation Investments

- Nine turnpike projects can be studied and developed
- Five turnpike projects were identified and selected for study in statute
 - Four turnpike projects were appropriated supplemental funding
 - Two turnpike projects reached financial close

Legislation Review

With HB 817

- Nine turnpike projects can be studied and developed
- Turnpike projects subject to prioritization
- Turnpike projects require approval by local planning organizations
- Encourages local funding participation
- Limits tolling to only new capacity
- Supplemental funding determined via the prioritized STIP

Legislation Review

The law also states:

- Turnpike projects must have an existing and non-tolled alternative route.
- Revenues from a turnpike facility must stay on that turnpike facility.
- Once the bonds have been repaid, the tolls must be removed.

Agenda

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- I-77 Express Lanes

Projects Overview

Turnpike Projects

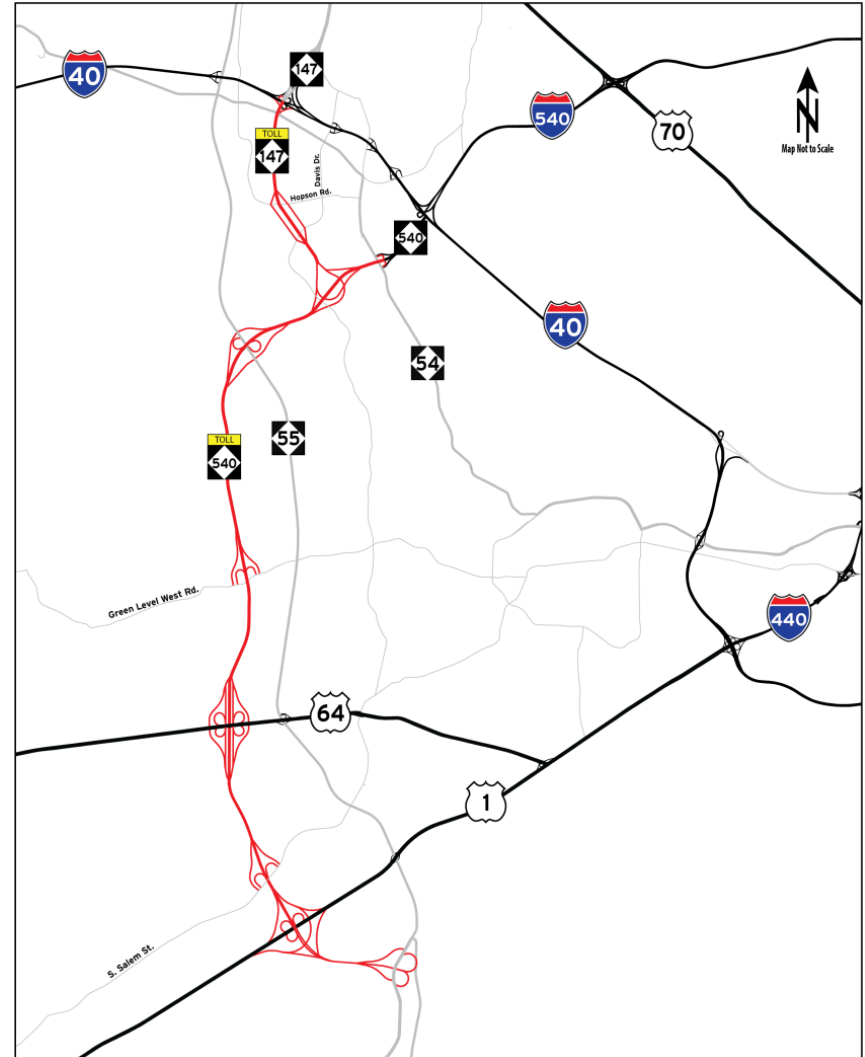
Six projects meet statutory requirements

- Triangle Expressway (3 Projects)
- Monroe Expressway
- I-77 Express Lanes
- I-485 Express Lanes

Projects Overview

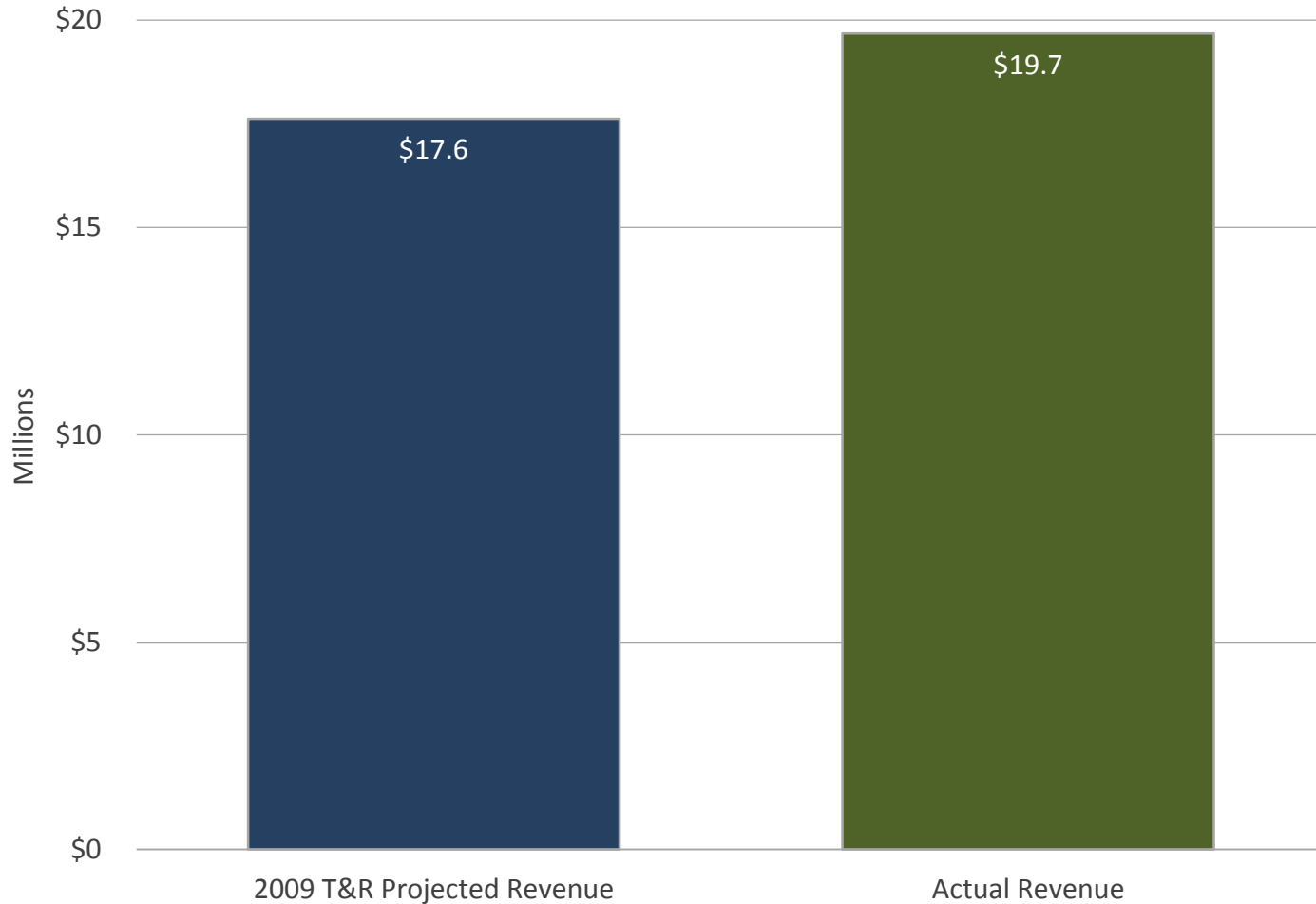
Triangle Expressway

- NC's 1st modern toll road
- 18.8^{mi} between I-40 (near Durham) and NC 55 Bypass (near Holly Springs)
- Phased Opening
 - Phase I: December 8, 2011
 - Phase II: August 3, 2012
 - Phase III: January 2, 2013
- Modern all-electronic tolling facility
- Capital Expenditures ~ 5% under budget
- Weekday Traffic Growth ~ 40% (YOY)
- \$2.91 trip with Quick Pass (~ \$0.17/mile)



Projects Overview

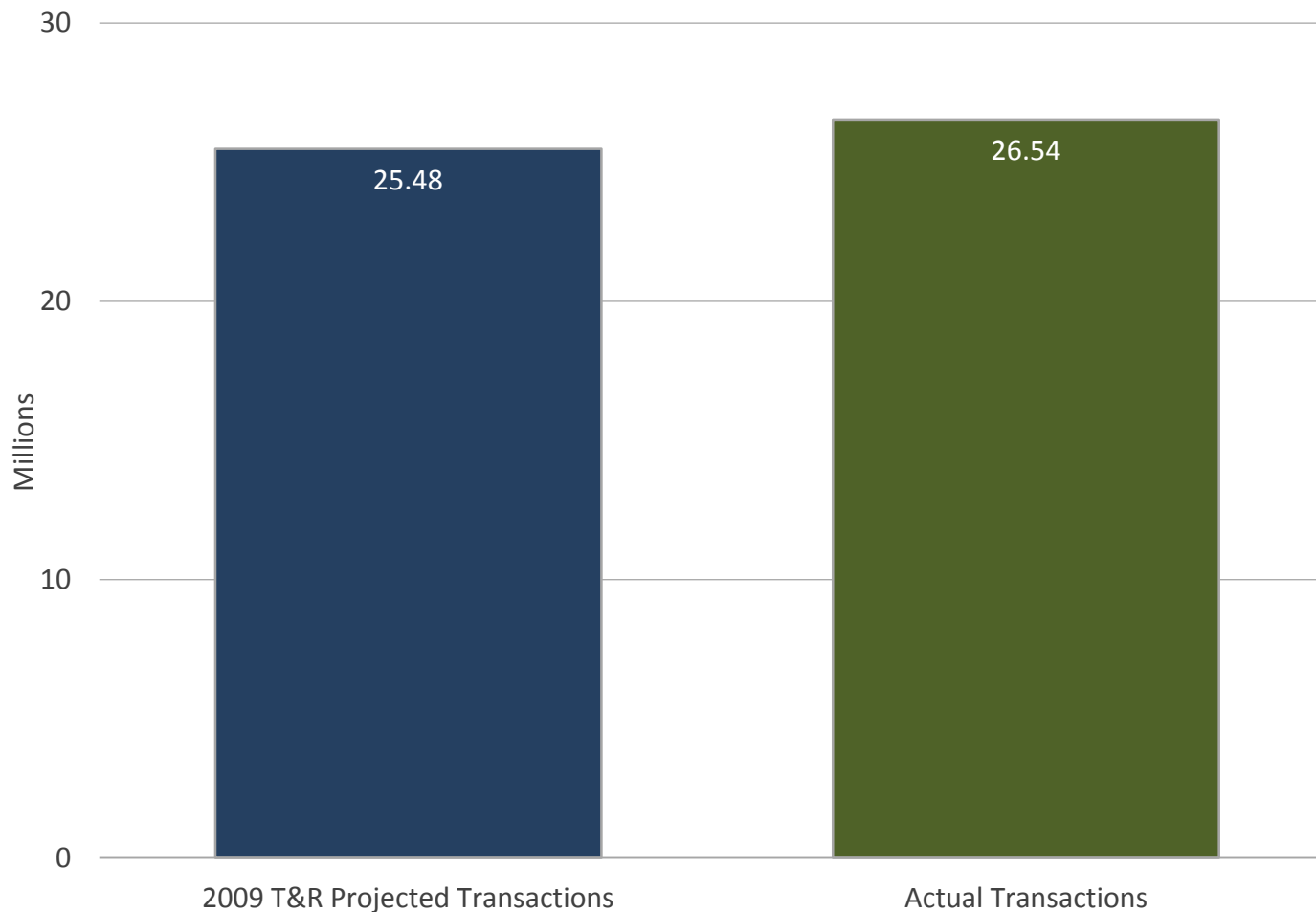
Triangle Expressway | Revenue in FY 2014



Note: The date provided is unaudited and intended for use as general information only.

Projects Overview

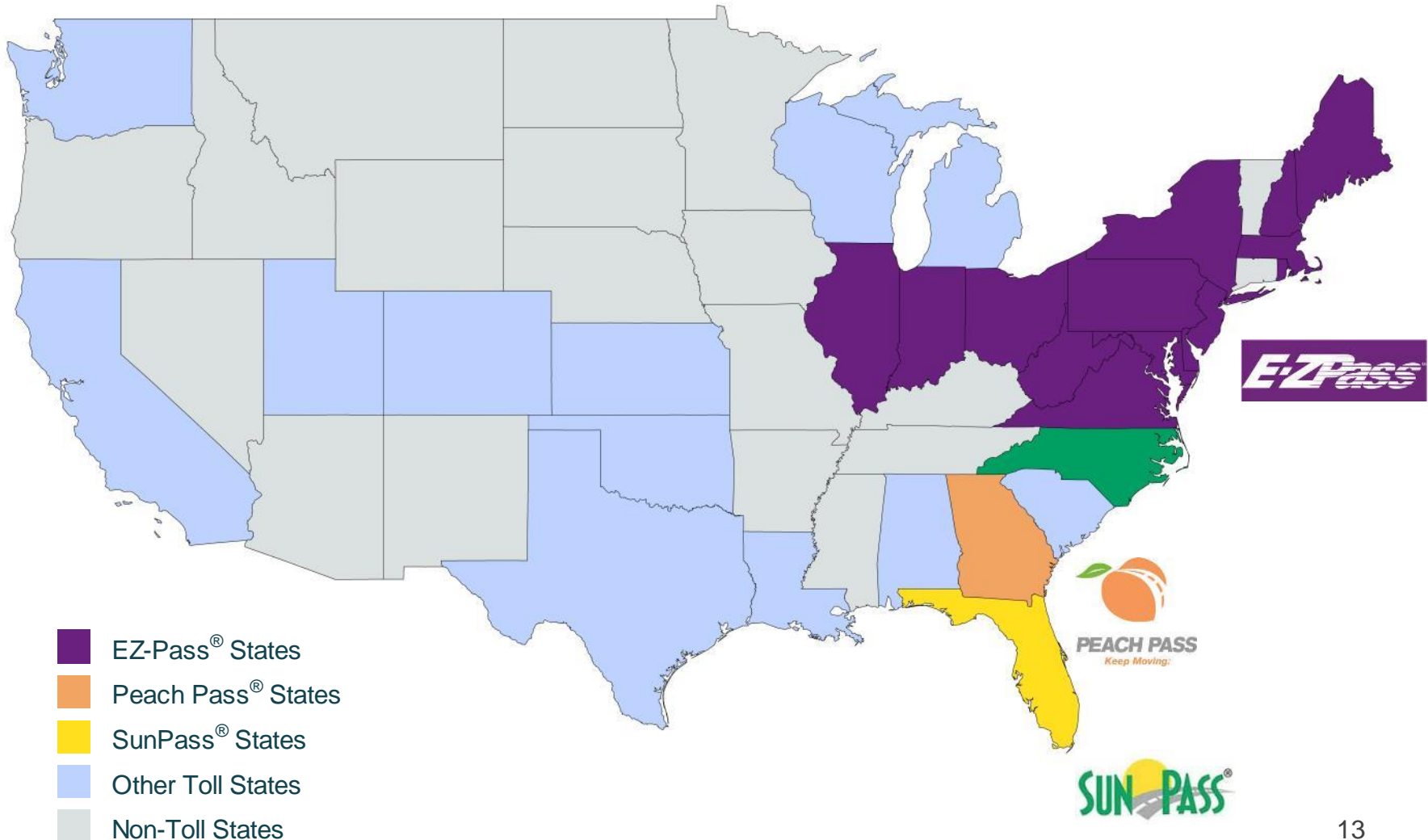
Triangle Expressway | Transactions in FY 2014



Note: The date provided is unaudited and intended for use as general information only.

Projects Overview

Interoperability



Projects Overview

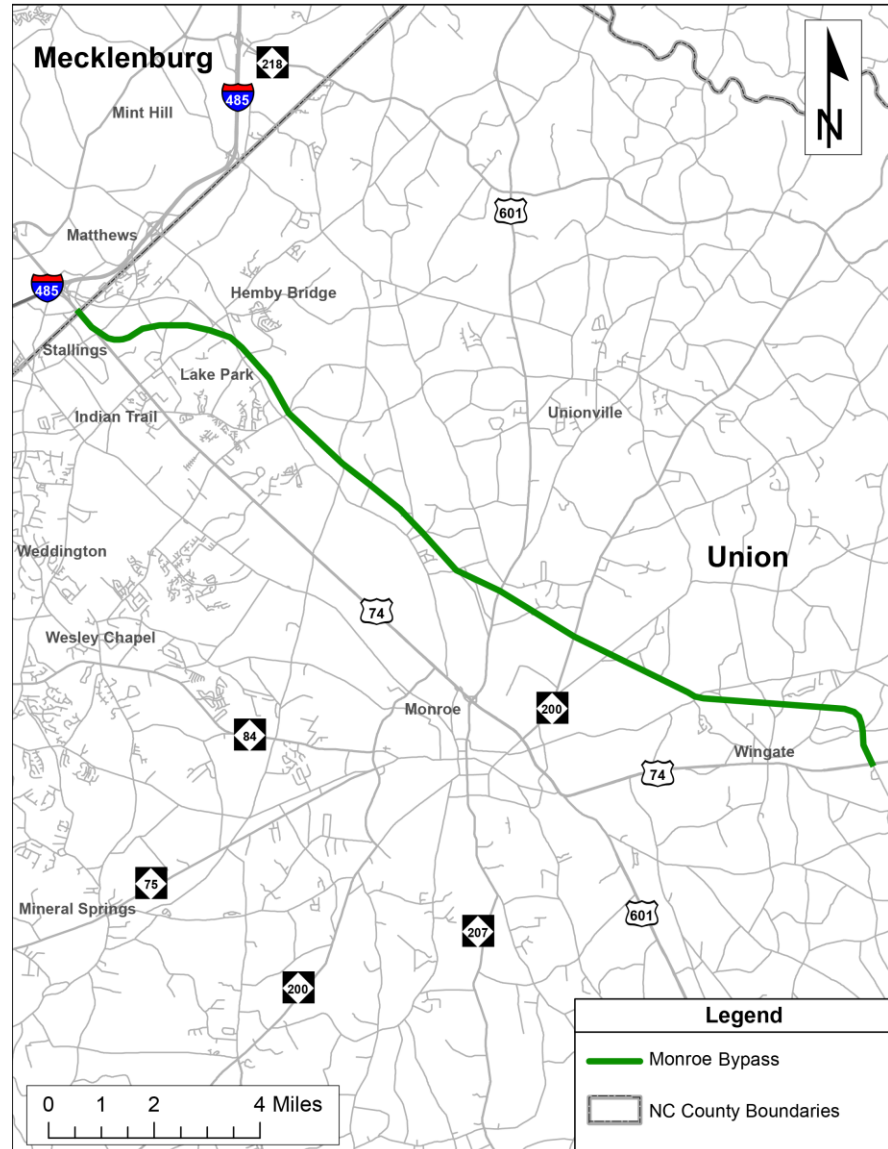
Monroe Expressway

Project Data

- R-3329
- 19.8^{mi} of new location
- I-485 to US 74

Upcoming Milestones

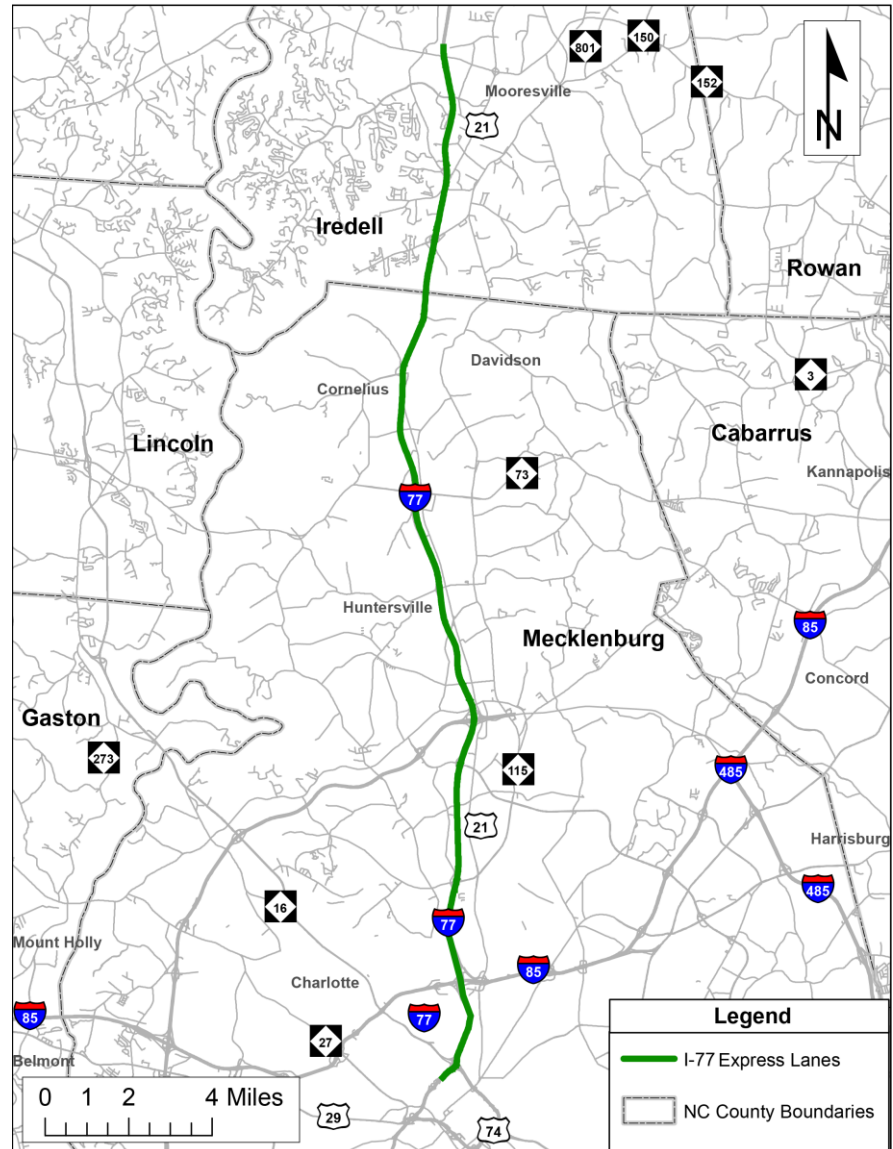
- ROW Acquisition (Ongoing)
- Environmental Permitting (2015)
- Begin Construction (2015)



I-77 Express Lanes

- I-5405
- 26.0^{mi} new capacity & HOV conv.
- I-277 to NC 150

- Financial Close (2015)
- Begin Construction (2015)



Projects Overview

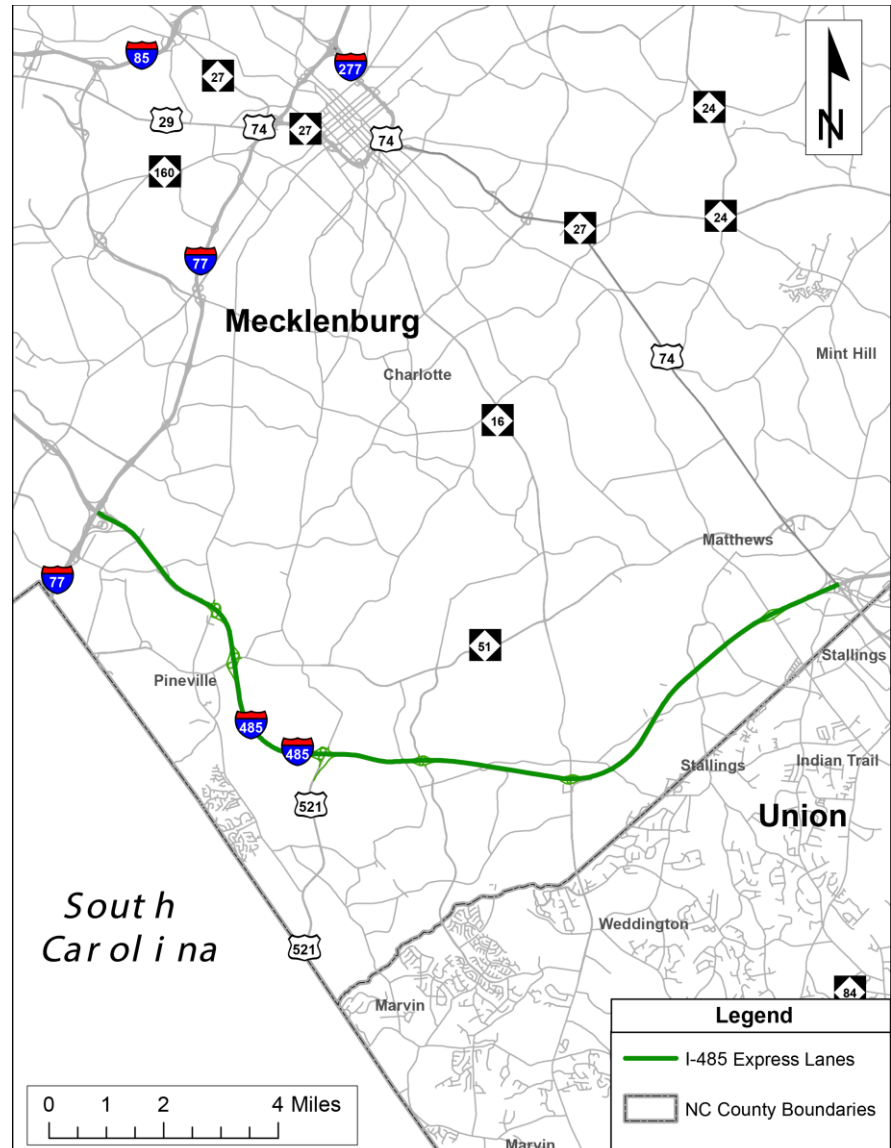
I-485 Express Lanes

Project Data

- I-5507
- 16.6^{mi} new capacity
- I-77 to US 74

Upcoming Milestones

- Environmental Documents (2015)
- Begin ROW Acquisition (2016)
- Begin Construction (2016)











Toll Projects in Draft STIP

- Number of turnpike projects limited to nine
 - Six turnpike projects
 - Three projects open to traffic (Triangle Expressway)
 - Three current turnpike projects in Draft STIP
 - Monroe Expressway
 - I-77 Express Lanes
 - I-485 Express Lanes
 - Eight additional projects in Draft STIP
 - Four new location projects & four express lane projects approved by local planning organizations and prioritized in Draft STIP
- Final STIP approval: July 2015

Toll Projects in Draft STIP

Eight Additional Projects:

STIP #	Project	Limits	ROW	Construction
 R-2721	Complete 540	NC 55 to US 401	FY 2017	FY 2017
 U-5526	US 74 Express Lanes	Wallace Ln. to I-277	FY 2017	FY 2017
 R-2576	Mid-Currituck Bridge	Coinjock to Corolla	FY 2019	FY 2019
 U-2509	US 74 Express Lanes	I-485 to Conference Dr.	FY 2020	FY 2022
 R-2828	Complete 540	US 401 to I-40	FY 2022	FY 2022
 I-5702	I-40 Express Lanes	US 15/501 to I-440/US 64	FY 2024	<i>future year</i>
 I-5718	I-77 Express Lanes	I-485 to I-277	FY 2024	<i>future year</i>
 R-2829	Complete 540	I-40 to US 64	FY 2025	<i>future year</i>











Capacity Improvements



New Location Toll Facility

Toll Projects in Draft STIP

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 U-2509	US 74 Express Lanes	I-485 to Conference Dr.	FY 2020	FY 2022
 R-2828	Complete 540	US 401 to I-40	FY 2022	FY 2022
 I-5702	I-40 Express Lanes	US 15/501 to I-440/US 64	FY 2024	<i>future year</i>
 I-5718	I-77 Express Lanes	I-485 to I-277	FY 2024	<i>future year</i>
 R-2829	Complete 540	I-40 to US 64	FY 2025	<i>future year</i>



Capacity Improvements



New Location Toll Facility

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- **I-77 Express Lanes – Rodger Rochelle**

Project Description



- In 2009, a Fast Lanes Study analyzed 12 corridors in a 10 county region. The Charlotte City council identified the I-77 corridor in Charlotte-Mecklenburg as a candidate for High Occupancy Toll (HOT) lanes.
- The I-77 corridor is critical to the region as the only major North-South connection in the vicinity and the project will improve mobility and long term economic growth in the region.
- The project provides a comprehensive long-term congestion management solution for the corridor through dynamic pricing and encouraged transit/carpool use.
- The Project is anticipated to involve 100 local firms and suppliers and generate 8,000 jobs.

Section	HOT Lanes	Section Limits
South	2	2.5 miles on I-77 and 1.25 miles on I-277 with direct HOT lane connector to I-277
Central	2	15 miles from I-77/I-85 interchange to Exit 28 (Catawba Avenue)
North	1	8 miles generally from Exit 28 to Exit 36 (NC 150)

NCDOT Procurement Results

- Total project investment of \$655 Million
- Public funds amount bid of \$88.2 million well below the maximum amount set by NCDOT (\$170 million)
- Most public funds infused at the latter stages of construction (contract only required pro rata investment)
- Private equity investment of approximately \$235 Million
- Debt assumed by private partner (PABs and TIFIA) approximately \$300 Million
- Contract provides for a contingent developer rating adjusting mechanism (DRAM) amount of \$75 million to mitigate risk and satisfy rating agencies in the revenue downside case, although no DRAM is projected to be used in the base case
- Fixed annual payment (\$1 Million) for maintenance of the general purpose (GP) Lanes and “fence-to-fence” commensurate with current maintenance contract

Typical Section – Central Section



I-77 to I-277 Direct Connection



Key Benefits of I-77 P3 Model

- Private partner responsible for design, construction, financing, operation and maintenance (O&M) risks
- Private partner is responsible for cost overruns during construction and operating phases
- **Private partner accepts revenue risk**
- Accelerates schedule and improves schedule certainty
- Whole-life cost optimization
- Private capital at risk and known/capped public investment
- Private sector expertise and innovation

Key Milestones and Activities

- **March 30, 2012 – four (4) proposers were shortlisted**
- April 6, 2012 – Issued first draft RFP to shortlisted proposers
- May 2012 – February 2013 Roughly 30 bidder one-on-one meetings
- April 26, 2013 – Obtained initial indicative investment grade rating from Fitch Ratings
- April 2013 – February 2014 –Concluded roughly 40 one-on-one meetings with bidders
- March 18, 2014 – Issued final RFP (Addendum 7)
- **March 31, 2014 – Technical and Financial Proposals due**
- April 11, 2014 – Announce Apparent Best Value – Cintra Infraestructuras, S.A.
- April 25, 2014 – Report to Joint Legislative Commission on Governmental Operations
NCGS 136-89.183(a)(2)
- April 25, 2014 – Report to Chairs of JLTOC and Transportation Appropriations
NCGS 136-18(39a)(f)(5)
- June 5, 2014 – Board of Transportation Concurrence in award
- **June 26, 2014 – Commercial Close**
- **April 2015 – Financial Close**
- 2015 – 2018 – Final design, public hearing/outreach, and construction